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Impact of Shorter T+1 Settlement Cycle on US Markets More Severe than Expected, Citi Survey Finds.

The transition to a shorter settlement cycle for US securities transactions has had a more profound impact than anticipated, according to a recent Citigroup survey.

Implemented in May, the new timeline reduced the settlement period for equities, corporate bonds, and municipal bonds from two business days to one, known as T+1.

While this acceleration was designed to enhance market efficiency, it has introduced unforeseen challenges for global market participants.

Citigroup's Securities Services Evolution survey, conducted in June with nearly 500 institutions, reveals that 44% of buy- and sell-side firms found the shift to T+1 to be "more impactful than expected."

This finding highlights the broader implications of the accelerated settlement cycle on the trading ecosystem.

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